

15/02/1998

PM: Plant to make plane parts long-term venture

KUALA LUMPUR, Sat. - Malaysia's venture into the manufacture of world-class composites parts for commercial aircraft will not be thwarted by the region's economic problems, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He described the venture as a long-term endeavour which should be able to weather the current regional economic situation - which is perceived to be temporary.

"They can adjust to the situation. We are quite sure that this business is long-term in nature and we will find eventually that they can not only survive but can succeed.

"It is an investment in the future and not tomorrow. We are not going to produce tomorrow ... and it will take time to build up the skills required. By that time, we hope the haze in the financial world as well as the other (forms of) haze will disappear," he said.

Dr Mahathir spoke after witnessing a signing ceremony between Sime Darby Berhad, Malaysia Helicopters Services Bhd, Boeing Company and Hexcel Corporation for a composites parts factory at the Bukit Kayu Hitam Industrial Park in Kedah.

The four companies will each hold an equal stake in the joint venture.

Under the agreement, a new company called Asian Composites Manufacturing Sdn Bhd will set up a plant at an investment of RM153 million to manufacture, sell and distribute composites for secondary structures of commercial aircraft.

They will be supplied to Hexcel's facility in Washington State for assembly and shipment to Boeing and other customers.

MHS director Tan Sri Tajudin Ramli, who is also chairman of Malaysia Airlines, said construction would start in April. It was expected to be completed in 18 to 22 months.

He added that the plant "will for now" supply composites to be used in the assembly of a range of Boeing aircraft. Eventually it would manufacture and supply the parts to other customers worldwide.

The plant would also have the potential to manufacture other composites products, Tajudin said.

Sime Darby Malaysia regional director Syed Tamin Mohamed said at full capacity the plant would have 330,000 hours of production per year and take in 270 employees plus 100 indirect employees.

He added Boeing had no reservations about the plant eventually supplying composites parts to its worldwide competitors.

Boeing chairman and chief executive officer Philip M. Condit said the Malaysian venture was being looked upon as a long-term project and should be seen as replacement or relocation of other Boeing-linked manufacturing operations elsewhere.

The company currently had a similar plant in China, Condit added.

Condit also said he was confident Asia could ride through the economic crisis but expected some airlines to make adjustments, especially with the drop in passenger traffic.

Among other things, Boeing expected a delay in the delivery of some 60 airplanes in the next three years, he added.

(END)